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GAIN Report Number: MY9027

Malaysia

LOCK-UP REPORT

Update (June)

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose 8.5 percent to 1.4 MMT in May 2009, resulting in a higher stock level at the end of May. PO exports rose 2.5 percent to 1.2 MMT in May. In line with a softer global oilseed market, the monthly average delivered CPO price declined to RM2,434/MT in June.

Post:

Kuala Lumpur

Commodities:

select

Executive Summary:

Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose 8.5 percent to 1.4 MMT in May 2009. Peninsular Malaysia's production increased by 9.9 percent while East Malaysia's output rose 6.6 percent. Compared to May 2008, output during May 2009 was 4.3 percent lower. The palms are entering a seasonal uptrend in output phase and Post expects CPO output to increase to 4.4 TMT during Apr-Jun period. The uptrend is likely to continue into the Jul-Sep quarter.

Price

In line with a softer global oilseed market and an increase in May carry-out stocks, the monthly average delivered CPO price declined from RM2,744/MT in May to RM2,434/MT in June. For comparison, the average CPO price for June 2008 was RM3,595/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose from US\$820/MT in May to US\$740/MT in June.

Stocks

The increase in CPO production resulted in a higher stock level at the end of May. This situation is expected to continue into the Apr-Jun period with the stock level expected to be around 1.3 MMT by the end of June.

Trade

A preliminary official report shows PO exports rose 2.5 percent to 1.2 MMT in May. Cargo surveyor Societie Generale reported Malaysian palm oil exports rose marginally to one MMT during May 1-25 compared to the corresponding period in April.

Exchange Rate: RM3.495 (May 26, 2009); RM3.525 (Jun 30, 2009)

Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY9008)

<http://www.fas.usda.gov/gainfiles/200903/146337529.doc>

Author Defined:

Annual Situation

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY9013.

	Revised 2007/08	Prelim 2008/09	Forecast 2009/10

(1,000 MT)			
Beg Stock	1,462	1,951	1,800
Production	17,567	17,900	18,200
Imports	462	700	700
Total Supply	19,491	20,551	20,700
Exports	14,644	15,755	15,900
Domestic Use	2,896	2,996	3,200
Ending Stock	1,951	1,800	1,600

Quarterly Production for Palm Oil

	2008 1/	2009 2/	2008 1/	2009 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
(1,000 MT)				
Beg Stocks 3/	1,682	1995	1,825	1,364
Prod- Pen. Mal	2,305	2,192	2,432	2,525
- East Mal	1,642	1,600	1,823	1,860
- Total	3,947	3,792	4,255	4,385
Imports	157	73	139	200
Total Supply	5,786	5,860	6,219	5,949
Exports 4/	3,351	3,862	3,663	3,900
Dom Disap 5/	610	634	552	744

End Stocks	1,825	1,364	2,034	1,305
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- 1/ Revised;
- 2/ Forecast;
- 3/ Stocks include crude and refined for all Malaysia;
- 4/ Exports exclude shipments of fatty acid oil distillate and all intra-Malaysia trade;
- 5/ Residual

Production

	2008	2008	2009	2009	2009
	May	Jan-May	Apr /1	May	Jan-May
(1000 MT)					
CPO:					
Pen. Malaysia	831	3,895	756	831	3,779
East Malaysia	627	2,837	530	564	2,695
- Total /1	1,458	6,732	1,286	1,395	6,474
Palm Kernel: Malaysia	365	1,760	337	352	1,706
Palm Kernel Oil: Malaysia	171	833	159	163	808
Palm Kernel Meal: Malaysia	188	925	176	180	893

- 1/ Revised

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Jun 2008	3,595	1,184	1,234	977
Jul	3,455	1,153	1,183	950
Aug	2,674	878	916	715
Sep	2,350	743	768	598
Oct	1,752	538	580	422
Nov	1,528	483	512	347
Dec	1,562	489	526	331
Jan 2009	1,842	575	609	438
Feb	1,898	583	600	430
Mar	2,027	577	613	446
Apr	2,402	679	744	576
May 2/	2,744	820	832	754
Jun (till 29)	2,434	740	754	721

1/ Prices are for West Malaysia only (since October 2006),

2/ Revised

Exchange Rate: RM3.495 (May 26, 2009); RM3.525 (Jun 30, 2009)

Stocks

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	2008	2008	2008	2009
	May	Mar	Apr 1/	May
(1,000 MT)				
Crude P. Oil	939	654	606	726
Processed PO	974	711	686	641
- Total PO	1,913	1,365	1,292	1,367
Palm Kernel	123	109	104	105
P. Kernel Oil	276	310	302	269

1/ Revised